

Message Text

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70

ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15

USIA-15 AID-05 COME-00 EB-07 FRB-01 TRSE-00 XMB-04

OPIC-06 CIEP-02 LAB-04 SIL-01 OMB-01 /110 W

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R 201445Z OCT 76

FM AMCONSUL DUSSELDORF

TO SECSTATE WASHDC 2994

INFO AMEMBASSY BONN

AMEMBASSY TEHRAN

UNCLAS DUSSELDORF 1344

E.O. 11652: N/A

TAGS: EINV, EIND, GW, IR

SUBJECT: IRAN BUYS INTO KRUPP CONCERN

1. THE IRANIAN GOVERNMENT IS TO ACQUIRE A BLOCKING MINORITY OF 25.1 PERCENT AND A SEAT ON THE BOARD OF THE FRIED. KRUPP GMBH OF ESSEN UNDER AN AGREEMENT SIGNED IN TEHRAN ON OCT 19 BY KRUPP BOARD CHAIRMAN BERTHOLD BEITZ AND IRANIAN ECONOMIC AND FINANCE MINISTER HUSHANG ANSARI. THE SHARES PURCHASED BY THE IRANIAN GOVERNMENT (AT AN UNSPECIFIED PRICE) ARE TO BE ADDED TO THE EXISTING CAPITAL STOCK OF THE CONCERN. IN SEP 1975 IRAN HAD ALREADY ACQUIRED A SIMILAR MINORITY INTEREST IN THE KRUPP STEELMILL SUBSIDIARY FRIED. KRUPP HUETTENWERKE, BOCHUM.

2. THE KRUPP PARENT CONCERN WAS KNOWN TO BE IN FINANCIAL DIFFICULTIES SINCE SEVERAL OF ITS OVER 130 SUBSIDIARIES HAVE BEEN LOSING SUBSTANTIAL SUMS ON CURRENT OPERATIONS. THE STEEL WORKS WERE 168 MILLION DM IN THE RED LAST YEAR AND THE NEWLY ACQUIRED KOPPERS ENGINEERING FIRM, WHICH SPECIALIZES IN COAL GASIFICATION, LOST 42 MILLION DM. THE AG WESER SHIPBUILDING FIRM AND THE ATLAS MASCHINENBAU ENGINEERING FIRM, BOTH IN BREMEN, WERE ALSO NOTABLY UNPROFITABLE.

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3. MINISTER PRESIDENT HEINZ KUEHN OF NORTH RHINE-WESTPHALIA STATED THAT HE REGARDED THE SALE OF KRUPP SHARES TO IRAN AS A DESIRABLE MEASURE TO ENSURE THE STABILITY OF THE CONCERN'S FINANCIAL FOUNDATION. HE EXPRESSED THE HOPE THAT THE INCREASE IN LIQUIDITY WOULD ENABLE THE CONCERN TO TAKE ADVANTAGE OF OPPORTUNITIES TO EXPAND ITS OPERATIONS AND INCREASE EMPLOYMENT.
DUX

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